

## **DEPARTMENT OF STATE REVENUE**

### **Revenue Ruling #2001-03 ST**

May 4, 2001

**NOTICE:** Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

### **ISSUE**

Sales/Use Tax – Purchase of Low Vision Systems

Authority: IC 6-2.5-5-18, Rule 45 IAC 2.2-5-28

The taxpayer requests the Department to rule on the application of sales tax to the purchase of Low Vision Systems by its customers.

### **STATEMENT OF FACTS**

The taxpayer relates that many older people develop macular degeneration as a part of the body's natural aging process. While it does not cause complete blindness it does deprive one of their central vision. Statistically, of those over 65 about 20% will encounter this form of vision loss in one or both eyes.

The taxpayer manufactures and markets Low Vision Systems to customers who have developed macular degeneration and who can again read with big screen high magnification systems. The Low Vision System includes:

- A high magnification color television
- A 24" X 48" Folding leg table
- Fluorescent lamp
- Surge protector
- VHS-C color camera
- An adjustable table mounted camera support

The taxpayer, in an effort to reduce the cost of Low Vision Systems, utilizes "off the shelf" electronics, i.e., 20, 25 or 27 inch television sets and suitable camcorders modified to function in this application.

## **DISCUSSION**

IC 6-2.5-5-18(a) states:

Sales of artificial limbs, orthopedic devices, dental prosthetic devices, eyeglasses, contact lenses, and other medical equipment, supplies, and devices are exempt from the state gross retail tax, if the sales are prescribed by a person licensed to issue the prescription.

Rule 45 IAC 2.2-5-28(h) provides:

The term “medical equipment, supplies or devices”, as used in this paragraph, are those items, the use of which is directly required to correct or alleviate injury to, malfunction of, or removal of a portion of the purchaser’s body.

It is clear then, for the purchase of medical equipment to be exempt from sales tax it must be both prescribed by a person licensed to issue the prescription, and its use must be directly required to correct or alleviate injury to, malfunction of, or removal of a portion of the purchaser’s body.

Here, the Low Vision System’s use is directly required to correct the malfunction of the taxpayer’s customer’s vision, hence, to the extent the Low Vision System is prescribed by a person licensed to issue the prescription, the purchase of the Low Vision System is not subject to sales tax.

## **RULING**

The Department rules that the purchase of Low Vision Systems by the taxpayer’s customers is not subject to sales tax to the extent the purchase is prescribed by a person licensed to issue the prescription.

## **CAVEAT**

This ruling is issued to the taxpayer requesting it on the assumption that the taxpayer’s facts and circumstances, as stated herein, are correct. If the facts and circumstances given are not correct, or if they change, then the taxpayer requesting this ruling may not rely on it. However, other taxpayers with substantially identical factual situations may rely on this ruling for informational purposes in preparing returns and making tax decisions. If a taxpayer relies on this ruling and the Department discovers, upon examination, that the fact situation of the taxpayer is different in any material respect from the facts and circumstances given in this ruling, then the ruling will not afford the taxpayer any protection. It should be noted that subsequent to the publication of this ruling, a change in a statute, a regulation, or case law could void the ruling. If this occurs, the ruling will not afford the taxpayer any protection.

Department of State Revenue